

Message Text

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TO SECSTATE WASHDC 2613

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DEPARTMENT PASS TREASURY AND FRB

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SUBJECT: TWO IMPORTANT BELGIAN BANKS MERGE

1. AFTER HAVING OBTAINED GOVERNMENT APPROVAL (THROUGH THE BELGIAN BANKING COMMISSION), BELGIUM'S SECOND LARGEST BANK (THE BANK OF BRUSSELS) AND BELGIUM'S FOURTH LARGEST BANK (BANK LAMBERT) ANNOUNCED ON DECEMBER 5 THAT THEY WOULD MERGE. THE NEW BANK, TO BE KNOWN AS THE "NEW" BANK OF BRUSSELS, WILL BE BELGIUM'S SECOND LARGEST AND WILL PROVIDE, FOR THE FIRST TIME, CLOSE COMPETITION IN SIZE TO BELGIUM'S NUMBER ONE: THE SOCIETE-GENERAL DE BANQUE.

2. NEITHER BANK LAMBUERT NOR THE BANK OF BRUSSELS HAVE BRANCHES IN THE UNITED STATES ALTHOUGH BOTH HAVE REPRESENTATIVES RESIDENT IN NEW YORK. THE HOLDING COMPANY WHICH OWNS THE BANK LAMBERT, HOWEVER, ALSO OWNS THE LAMBERT-BRUSSELS CORPORATION OF NEW YORK. THAT FIRM OWNS SUBSTANTIAL PROPERTY IN THE UNITED STATES AS WELL AS A 20 PERCENT SHARE OF THE NEW YORK FIRM OF STOCKBROKERS: WILLIAM D. WITTER.

3. MINORITY STOCKHOLDERS IN THE NEW BANK OF BRUSSELS (INHERITING THEIR SHARES FROM THE OLD BANK OF BRUSSELS)

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INCOUDE THE ALGEMEEN BANK NEDERLAND AND BARCLAYS BANK

OF LONDON.

4. THE BANK LAMBERT IS, INFORMALLY BUT UNEQUIVOCALLY, THE BELGIAN REPRESENTATIVE OF THE ROTHSCHILD NETWORK OF BANKS IN EUROPE WITH TIES LEADING PRIMARILY THROUGH THE LONDON BANK, NM ROTHSCHILD.

5. COMMENT: THE MERGER OF THE TWO BANKS, WHICH WILL HAVE A NETWORK OF 1084 BRANCHES IN BELGIUM AND COMBINED ASSETS OF ABOUT ONE BILLION DOLLARS, BRINGS TOGETHER TWO SOMEWHAT DIFFERENT STYLES AND TYPES OF BELGIAN BANKING. THE BANK OF BRUSSELS HAS BEEN RICH, STAGNANT, CONSERVATIVE AND UNIMAGINATIVE FOR MANY YEARS. THE BANK LAMBERT, ON THE OTHER HAND, HAS BEEN RELATIVELY "POOR", ADVENTUROUS, GROWING, AND KEENLY COMPETITIVE. THE MERGER WILL THUS OFFER BOTH PARTNERS CLEAR ADVANTAGES AND HAS BEEN LONG DISCUSSED. THE MERGER PLANS ARE KNOWN BY THIS EMBASSY TO HAVE LONG PREDATED THE BANK OF BRUSSELS'S RECENT PROBLEMS WITH UNAUTHORIZED FOREIGN EXCHANGE DEALINGS (AND SUBSEQUENT LOSSES) AND THUS WERE CAREFULLY THOUGHT OUT.

6. THE BANK OF BRUSSELS OWNS 50 PERCENT (WITH THE REMAINDER OWNED BY CHASE-MANHATTAN) OF THE ANTWERP-BASED BANQUE DE COMMERCE. MOST U.S. GOVERNMENT FUNDS IN BELGIUM ARE HELD IN ACCOUNTS OF THAT BANK. FIRESTONE

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